

THE
PRINCIPLES
BY WHICH A
CURRENCY IS ESTABLISHED,
COINAGE FORMED,
AND
THE MONEY CIRCULATIONS
OF THIS ISLAND
MAY BE RESTORED AND PRESERVED.

BARBADOS,

1791.

15.



THE
PRINCIPLES,

§c. §c.

ALL commerce is by exchange of commodities of equal value. The value of all commodities depends upon, and varies as the species, the quality, and the quantity. The species, or sort being given, the value is as the quality and quantity. The species, and the quality being given, the value is as the quantity. The quantity is measured by the weight, the cubic contents, or the number of particulars. At every exchange, therefore, of commodities, the species and qualities of the commodities being agreed upon, the quantities must be ascertained by the weight, the cube, or the number.

Half the labour of commerce is saved by using a commodity, whose species, quality, and quantity, have been previously established and ascertained, and can be known by simple inspection. Such a commodity is as readily transferred as received. Such a commodity, from the expedition with which it circulates from trader to trader, from hand to hand, is said to be and becomes current. Every commodity, therefore, whose species, quality, and quantity being previously ascertained and known by simple inspection, passes from hand to hand without further examination, constitutes a currency.

An exchange of gross commodities on both sides, is called *barter*. An exchange of gross commodities on one side, and currency on the other, is called a *sale*. *Barter* is a less convenient *sale*, and *sale* is a more convenient *barter*.

Metals, from their durability, and from their obvious differences, and the precious from their value, from their little fluctuation of value, and from their easy conveyance, are the most conve-

nient commodities for forming, and do constitute, the most perfect currency. The establishment of a currency, therefore, becomes the business of a coinage.

A currency of metals can only be formed in the same manner as any other currency, by establishing the sort, the quality, and the quantity of the metal that is to be used. In forming a coinage, not only the general principles which establish a currency are to be considered; but also the particular principles which should regulate the currency of metals, and which depend upon the nature of those commodities which have been chosen to constitute the currency. These respect the species, the quality, the quantity, the denomination, the value, the figure, under which the metal shall pass, and the means of preserving it.

As all metals are sufficiently durable, the most valuable *species*, as being most easily conveyed, are chosen, and the preference is accordingly given to gold, to silver, and to copper. Iron also has been used for a coinage.

Not only the *species* must be settled, but the *quality or fineness* also must be established. The dealer must not only know the commodity, and the quantity he is to receive, he must be certain of the quality; for without all these three, no value can be ascertained. The metal, therefore, must be of an established quality or fineness.

The next thing to be done is to ascertain the quantity, and to ascertain it so that it may be known by simple inspection, as readily as the species is distinguished, as readily as silver is known from gold; or the quality, as gold of one fineness from gold of another. This is done by the figure, and the impression, which at the same time have been introduced by other principles, and for other purposes.

The denomination, or name, is in the next place to be bestowed, and the value declared. In giving a name, care should be taken not to use any words that signify value in the market, any denomination of value; an indifferent name is best. If the name be a denomination of value, it must

be a denomination of the real value. The real value is the value in the market as a commodity. The real value of any gold coin, is the value in the market of the bullion it contains. The nominal and real value must coincide, or agree; otherwise the nominal value will accommodate itself to the real value, a change of names and words in the market will be produced, and much injury done to all the individuals who are to be paid according to the words of their engagement or contract, before the words were changed. The following example will illustrate and confirm this observation: the guinea in England is the name of a coin, the pound the name of a value. If the guinea, by authority, be ordered to pass for two pounds, the pound becomes the name of a less value; that is, the name of the same value is changed. The, guinea is not worth more in the market, will not buy more bullion, nor a greater quantity of any other commodity, a change of names only would be produced. But this change of names would produce this bad effect, that every creditor would lose a considerable portion of his debt. Every

debtor owes in *pounds*, and pays in *guineas*; his debt is valued by the nominal pound, and paid by the real coin. He who owes 4000 pounds, immediately pays them with 2000 guineas.

Coins may be of any forms, spheres, spheroids, cylinders, cubes, and of all the varieties of solids whose surfaces are plain, convex, or concave. Cylinders of small altitudes are preferred as being without points, and of most convenient carriage.

The injuries to which a currency of metals is liable, are by imitation and diminution. Imitation is to be detected by the differences of figure or impression, of colour, texture, sound, weight or size. Diminution is performed by solution, by attrition, and by mutilation. The instruments are more generally ready, and the work of diminution more easy, than of imitation, which requires a process. Diminution is prevented by covering the whole external surface of the solid completely with figures that shall discover the attempt. The new coinage of English guineas, and half guineas, is defective, as having too much

plain surface. Of the cylinders or coins in use the upper surfaces and bases are covered with figures, to protect them from attrition, or solution, and the sides or edges with a milling, to prevent mutilation. The work of mutilation is too obvious in a well constructed coin, to be mistaken or concealed. The work of solution is to be perceived by the want of weight, and by the irregularity of surface unavoidably produced in solutions. Attrition is to be discovered by inspection, and deficiency of weight.

As soon as a piece of coin receives a perceptible diminution of weight, or size, it ceases (or ought to cease) to be a part of a currency, (of which, as we have before shewn, it is an essential requisite that the weight should be given) and approaches to the nature of bullion, of which the quality is ascertained by the impression, and not the quantity. The remaining figures indicate the fineness, but leave the weight to be determined by the scale.

A coinage, when established, is to be preserved against the effects of time, of mutilation, and of

imitation. Against the effects of time, to which all bodies yield, the body of the coinage can only be preserved in the same manner that all bodies which are moved, and exist, are preserved, by successive renovation, proportioned to the gradual destruction, by small emissions of coin equivalent to what may have perished, been lost, or wasted by time, or by the other causes of change. Against the effects of mutilation and imitation, by one of which it is diminished, by the other depreciated, it must publicly be protected by public punishment of the act as a public crime, as treason against the powers that govern, as felony against the individuals that compose the state. It must privately be protected by the observation and diligence of individuals, in discovering and rejecting whatever pieces bear the marks of imitation, or mutilation, whose quality or quantity is defective.

The Metallic Currency of this Island consists; the silver of, among other pieces, dollars and pistereens; the gold principally of moidores and Joes. It has for many years been undergoing a pejoration by diminution and imitation, until

public opinion, by the assistance of which it has continued to pass so long, will no longer support its circulation. Not only individual coins have been mutilated, or imitated, but they have been divided, by the simple operation of the scissors, into pieces of inferior value, to answer to those parts of which the original piece was a multiple. The application of the scissors destroys at once all certainty of weight established by the complete covering of the external parts of the coin, and ascertained by its perfection. Accordingly, the joe and the moidore have been diminished until four of the imperfect pieces will weigh only three of the perfect. A pistereen has been divided into four parts, three of which became current, each at half the value of the pistereen, and the remaining fourth part contained bullion equal in weight to the other three. An attempt was made to divide the dollar, but some secret principle prevented the mutilation, or common sense rejected the imperfect coinage, as it ought to have treated the others. At length, all are rejected, and there ceases to be any currency. It becomes necessary, therefore, to inquire what is to be

done, and how the interrupted circulation is to be restored, or a currency obtained.

Many expedients have been proposed which will be hereafter considered. To know what is to be done, we must return to original principles. A currency cannot exist but of a commodity whose *quality* and *quantity* are established and distinguished by appropriate signs, that so the value may be known by simple inspection. Imitation has not done much in this business of pe-
joration; and, therefore, the *quality* of the metal may still be known by the remaining figures and impression of the moidore, joe, and pistereen. The general signs of imitation, however, should still be carefully observed, and the baser pieces rejected. Diminution, indeed, has operated without concealment and without restraint; and, by a destruction of the coin and its marks, has not only confounded all the signs and evidence of *quantity*, but has also, by the want of dexterity or discretion in the business, discovered to every eye that the quantity is lessened. The currency, therefore, by having no fixed quantity, or public

evidence of quantity, has lost one of those essential qualities which constitute a currency, and has, in so much, returned to the nature of a gross commodity, and the business of sale will again approach to that of barter.

Like a gross commodity, then, of which the quality is understood, the quantity must be ascertained by actual measurement. The remaining marks indicate the fineness of moidore-gold, joe-gold, and pistereen-silver, the weight must be determined by the scale before the value can be known. Money, therefore, must pass by weight. All the mutilated coins must be weighed in circulation, and their value ascertained by the proportion of the imperfect to the perfect pieces. The value of the perfect pieces must be generally established by proper principles, and all future peijoration additionally prevented by public *punishment* for the *public crime*.

Apprehension of immediate loss, and the real inconvenience of the business, have produced great unwillingness to use the scale, and have

suggested many expedients to remedy the evil by any other means. If the loss and inconvenience are the consequences of this remedy, they are unavoidable: the inconvenience must be borne. The loss will follow, and be measured by the money that produced it. He who has mutilated, and been compelled, by refusal of the coin, to keep the imperfect money by him, deserves to suffer more than the loss of circulation by weight. He who has received imperfect money has not been deceived by the appearance. The most unsuspicious eye ought to have observed and rejected it. He who observed the imperfections, and received, encouraged the mutilation, and deserves to suffer. He who received, with the expectation of circulating, has incurred the inconvenience he was contented to risk. He who has received and still possesses the imperfect money, can more easily deduct his private, than pay his general, share of contribution to the public loss. This is the natural remedy; and no other is good, no other effectual, no other possible. The circulation of the mutilated money was in consequence of a general credit, founded upon

the general expectation of passing. The credit has been destroyed, and cannot be restored. The expectation has been disappointed, and never will again be deceived. The money never can pass but by weight, the natural expedient where evidence of the weight is lost or removed.

Coins, indeed, have always been circulating by weight, by weight accepted and admitted in confidence of the mint and a knowledge of its marks. The figures and marks, which prove the weight, shew the weight diminished, without any principle or rule to ascertain it. The evidence of weight is gone ; and, therefore, we must weigh for ourselves. As the circulation of the mutilated coin can never be restored without a new measurement of the quantity by weight, so can no other mode be adopted that will prevent mutilation. No other remedy can be adopted that will effectually prevent the fears, the caprice, the depravity, of any individual from raising a diffidence of the currency that shall produce a repetition of the present inconveniences.

Another objection to the circulation by weight, is, that the metals will, in consequence thereof, remove from the island. To the fear, that circulation according to weight will carry the coinage from the country, it may be answered by questioning how money comes into a country. Money comes wherever commodities are to be sold, and goes wherever they are to be bought. Industry and honesty, in the mine or at the mill, will never want metals.

No injury is to be dreaded from the escape of the depreciated money. If all the imperfect pieces go to other societies, individuals of this will dispose of their imperfect coin for the full value. It is supposed, that, if money pass by weight here, the imperfect pieces will be received here by weight, and transported where they will be received as perfect pieces ; and that the probable effect of this principle will be the loss of all our current cash. It cannot be supposed that any other society will long suffer this pernicious traffic ; and, therefore, its probable effects will terminate with its probable existence.

We certainly have no currency now. It is admitted that some pieces will go away. It is denied that all can or will go. In a well regulated state of the currency, part is always going out, and part always coming in, according to the exigencies of trade. As the benefits of this supposed traffic will be proportioned to the imperfection of the pieces exported, the most imperfect will go, the most perfect will remain. It will become less beneficial to carry out the money which remains, because it will be more perfect; and, being less in quantity, it will also be more strongly retained. The force of the principle which carries out will be diminished, and the force of the principle that retains be increased, in proportion to the quantity that shall remain. It is mathematically true, that, where the quantity taken away bears a given proportion to that which remains, the whole can never be exhausted. Social bodies will keep their last portions of metal with the same pertinacity that chemical bodies, in the middle of the fire, keep their last portions of moisture.

As an article of trade, the coming in or going out of monies depends upon the relative value of bills of exchange. The natural and accustomed principle of supply is derived from the difference of the prices of bills, and of money. At a duly-regulated rate of the currency of metals, whenever bills are below 35 per cent. money, to pass by weight, may be imported to advantage, and will not be exported until bills rise to more than 45 per cent.—5 per cent. including the whole expenses of importation or exportation. This principle is sufficient for a regular supply of coins to pass by weight. This trade will go on by the regular channel, be steady and permanent in its effects, whilst the exportation of light money can only be occasional and temporary. We have no currency now; and, if the present coinage pass by weight, we shall have one equal to the best in the world, the necessity of weighing excepted. There never can be any suspension of circulation; for, what is received by weight here will pass for the same value *cæteris paribus* all over the world. Nothing but the scale can insure circulation, or prevent mutilation. The benefit, the confidence,

the convenience, the honesty, the security, of such a plan, will more than balance any supposed or real inconvenience that can arise.

To remove the inconvenience of using scales, to avert the probable loss produced by mutilation, and to retain the money in the island, the following expedients have been proposed or adopted. — Three of the current parts of the mutilated pistereen were offered in payment for $7\frac{1}{2}$ d. or half its value. This offer was well adapted to the then value of the then current pieces; for, upon an average, twenty-three would weigh 5s. But the moment that a currency of three for $7\frac{1}{2}$ d. is established, the mutilation will again begin, and the pieces be severally reduced to less than the value of $2\frac{1}{2}$ d. Here, then, the use of the scales is established, and their necessity proved.

It has been recommended to take only pieces of gold coin, the letters of the exergue of which were uncut: since that period the work of mutilation has been accurately defined by the heads

of the letters, but zealously carried on to that limit.

A proposal has been made to make the perfect joe pass for 3*l.* current money, and all imperfect joes and other pieces in proportion to their weight. This proposal, as far as it goes to establish the circulation of a currency by weight, is good. The changing the value of the joe, and, with that, the value of the pound current, is unnecessary, and would be productive of more loss of property than many times the loss by mutilation of the coin.

	£.	s.	d.
The perfect joe being at	-	-	3 0 0
The perfect moidore would be at	2	5	0
The perfect guinea at	-	-	1 13 0
The dollar would rise $\frac{1}{5}$ th.			
The pistereen to	-	-	0 1 6
Bills would rise towards	-	170	0 0

All commodities would rise in proportion until this general increase was settled. Great confusion would be produced. The pound current would sink in its value one-sixth. Every creditor would

lose one-sixth of his debt: would lose 50l. in every 300l. The same money, the same commodities, the same value that would have paid him 250l. will now pay him 300l. Money will not, in consequence, come more expeditiously into, or escape more rapidly out of, the country. The islands in which the joe passes at 3l. 6s. do not absorb from the others in which the joe passes at 2l. 10s. all their currency. Nor does this island export joes to those islands in which the joe appears to be worth 16s. more. The difference is nominal, the appearance is delusive. A country acquires and retains metals by other causes, than names, or a change of names. The expedient of raising the nominal value of the joe, after the exchange, and all other commodities have accommodated themselves to the increase, and are settled in their prices, besides the confusion and injury it will have produced, comes at last to an actual measurement by the scale; and is exposed to all the objections that can be supported against a circulation by weight. The evils attached to the proposal itself are sufficient to prevent the unnecessary and pernicious change, of nominal

value, a depreciation and mutilation *of the pound current.*

It is proposed to impress four stamps on opposite sides of all the defective pieces now existing, after a given time to arrest the work of stamping, and to suffer only the defective pieces bearing the stamps to be current as perfect pieces; the coin of the country will soon be changed from circular to quadrangular. If the stamps be continued circularly, and uninterruptedly to preserve the edge, how will the body of the coin be preserved from attrition and solution? The stamps that protect the edge to make the coin, however otherwise defective, pass at full value, will produce every other species of diminution.

That law cannot be good which shall compel an individual to take a commodity for more than its real value, and something more than legislative recommendation will be necessary to produce an acceptance of ideal payment. Even with the assistance of compulsion, individuals will not be

protected against the chance of a suspension of circulation, which fear, interest, or caprice, may again produce. Individuals will fear again to take coins for more than the real value, whilst accident, design, ignorance, may again restore the present inconveniences, inconveniences more to be dreaded than any imaginary evil or supposed deprivation of currency.

As the legislator has already affixed public punishment to the mutilation of the coin as a public crime, all that remains is to ascertain the value of the coins to be received in payment by weight.

The silver that is mutilated may well pass by the accustomed weights of the country.

The value of the gold requires consideration before it can be ascertained. It is to be *ascertained* by *investigation*, not *established* by *authority*. It is to be *found* not *fixed*, to be *discovered* by inquiry in the *market*, not *settled* by *conjecture* in the *closet*.

The guinea is worth twenty-one shillings, sterling; the moidore, 27s.; the joe, 36s. The guinea has been changed into 27s. 6d. currency, at nearly 130 per cent. rate of exchange; the moidore into 37s. 6d. at nearly 138, the joe at nearly 138 rate of exchange. The low rate of exchange has carried all the guineas out of the country. It is right to adopt a general rate of exchange. Let a rate, therefore, be adopted nearer to that at which joes have passed than guineas. Forty per cent. from other considerations seems a good general rate, and it is sufficiently near to the present to prevent the inconveniences of a change of denominations. At 40 per cent. exchange, the guinea, of 21s. sterling, is worth nearly 29s. 4 $\frac{3}{4}$ d. the moidore, of 27s. sterling, 37s. 9 $\frac{1}{2}$ d. the joe, of 36s. sterling, 50s. 4 $\frac{3}{4}$ d.

Forty-four guineas and a half and 26 joes weigh, severally, the pound troy. Each perfect joe, therefore, ought to weigh 221 grains, 7-13. Each perfect guinea 129 $\frac{1}{2}$ grains, and each perfect moidore, of the same fineness, with the joe, ought to weigh 166 2-13.

At $2\frac{3}{4}$ d. the grain, Guineas weighing 129 grains (by dropping the fraction) are worth 29s. $6\frac{3}{4}$ d.: Moidores, weighing 166 grains, are worth 38s. $\frac{1}{2}$ d.: Joes, weighing 221 grains, are worth 2l. 10s. $7\frac{3}{4}$ d.

As, therefore, $2\frac{3}{4}$ d. the grain, and 40 per cent. the exchange, bring the coins to so nearly the same value, by striking off the odd pence and farthings, a perfect guinea may, for the convenience of calculation, pass for 30s.: a moidore, for 37s. 6d.: and a joe, for 50s.: as they have always passed: and all the mutilated pieces at 5s. 6d. the penny-weight; and at $2\frac{3}{4}$ d. the grain; their real intrinsic values.

Upon these principles, and safely and effectually upon these alone, the government may proceed to adopt the necessary measures for restoring the money circulations of this colony; which, to the great injury and inconvenience of individuals, have long been interrupted and suspended.

The depreciation of the coin considered in a

moral point of view, has done more injury than can be calculated to the best interests not only of the individual, but the community.

It has been conducted in opposition to all principles of fair trade, and sound morality.

The natural difference between bills and money, the only proper gain of the honest trader, was insufficient to gratify dishonest rapacity.

Light gold promised more profit, and the deception was adopted.

For the purpose of obtaining a larger profit, it became necessary to lighten the gold by actual operation, and mutilation was reduced into a system.

At what point of its progress will rapacity pause? where does immorality stop? when is avarice satisfied?

All decency, all discretion, all reflection have

been lost. Nothing has been able to prescribe limits to the infamous business of mutilation, or traffic of mutilated importation.

At last, a base importation has taken place.

All the evils of such dealings have, at length, appeared, and still is the immoral appetite unextinguished.

Anxious expectation is still directed to quantities of this base money, which is said to be locked up in the chests of the infamous traffickers, to be floating in the harbour, or sailing across the ocean; and endeavours, under the pretended apprehension of losing an infamous coinage to deter the adoption, *of* the only means that can restore a currency.

Not only the principles of the dealers and their workmen have been corrupted; the example, or the injury has affected the morals of the whole community, has produced that blindness which will not see what is right. Nothing but the

general dread of immediate loss, and the hope of putting it off upon some other individual, could otherwise have so long delayed the obvious use of scales and weights; a system that is general, and plain, and effectual, and infallible; without the indirect, or immediate use of which not an article can be sold, or exchanged in the market.

The deviation from right will always, to individuals, or communities, bring evils that shall distress, but the return is best effected by the most direct way.

FINIS.

